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STAFF NOTES:

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MIDDLE EAST - AFRICA - SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Saudi Arabia

National Guard Chief Named Second Deputy Prime Minister

King Khalid's appointment last week of Prince Abdallah ibn Abd al-Aziz as second deputy prime minister gives the conservative 53-year-old prince a seat in the council of ministers. Abdallah will retain command of the national guard.

Abdallah's new post technically makes him the country's number-three man behind Khalid and Crown Prince Fahd. Abdallah's impact on domestic politics and government policy, however, will remain unclear until we get a reading on his influence with the King and the role Khalid intends to take in national affairs. By itself, the job of second deputy prime minister does not give Abdallah much added leverage. The second deputy is normally restricted to chairing meetings of the council of ministers in the absence of the prime minister and first deputy.

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Abdallah's strength rests on his close ties with the tribes and his leadership, since 1963, of the national guard, a tribally recruited force generally considered unswervingly loyal to him. Abdallah makes an annual tour of the tribal areas, where he distributes money and reinforces the Saudi family's historic ties with important tribal sheikhs by entering brief marriages with their daughters. (SECRET NO FOREIGN DISSEM)

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Saudi Arabia

Fahd Affirms Saudi Interests in Neighboring States

Crown Prince Fahd has affirmed the Saudi desire to strengthen relations with neighboring states of the Persian Gulf and Arabian Peninsula. Fahd, who made these points in an interview published in a Beirut newspaper on Tuesday, specifically suggested a meeting with South Yemeni leaders to deal with outstanding problems.

Last year, Fahd began to take a bigger role in setting Saudi policy toward the two Yemens and the Gulf countries. He advocated a conciliatory line toward South Yemen--that is, one designed to move Aden toward a moderation of its domestic and foreign policies by using financial and political incentives.

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An initiative toward South Yemen, particularly coming so early in Khalid's reign, may indicate that the Crown Prince believes his paramount position in the regime is secure.

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In the interview, Fahd announced his intention to visit Iraq shortly, an indication that he attaches high priority to closer relations with Baghdad. Fahd was reportedly impressed by the "realism and adroitness" of Iraqi strongman Saddam Husayn when the two met recently at the OPEC summit meeting in Algiers.

Fahd also made a point of the need to strengthen ties with Iran. He said that both Arab interests and Gulf stability require close Saudi-Iranian cooperation, and he praised the recent Iran-Iraq accord. Fahd is expected to place considerable importance on working with the Iranians. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/CONTROLLED DISSEM)

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Nigeria

Third Development Plan Announced

General Gowon formally launched Nigeria's new five-year, \$48-billion development plan on March 29, calling for active participation of foreign investors and experts in carrying it out. In an effort to help implement the plan, he also announced the creation of six new ministries.

The plan, covering 1975 to 1980, calls for investments of \$32 billion in the public sector and \$16 billion in the private sector. The government will probably have no problem financing the investments out of oil revenues. However, the public sector, which probably had investments of less than \$2.5 billion during the last fiscal year, will find it difficult to absorb its allocated expenditures. The scarcity of Nigerian managerial and technical manpower will be a constraint on development for some time.

Almost half of public sector investment is slated for industry and transport. Major planned projects include two oil refineries, two liquified natural gas plants, a petro-chemical complex, and an iron and steel plant. Other priority investment areas are petroleum, agriculture, education, housing, communications, power, and health care.

To encourage increased private investment, the plan reduces the administrative red tape that previously discouraged businessmen. It also relaxes foreign labor quotas in order to minimize problems in obtaining skilled personnel. At the same time, Gowon called for greater Nigerian participation on the managerial and policy levels of joint projects between local and foreign firms. To help realize this goal Gowon said that the Lagos government will negotiate with "friendly countries" for overseas technical training of Nigerian students at Nigeria's expense. (CONFIDENTIAL)

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